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New Zealand

Market Brief

The New Zealand Market for Snack foods

1999

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Report Highlights: The snack food market in New Zealand is worth U.S.$130 million and is a high growth-category. Potato chips dominate the category, but lunch box snacks, muesli bars and individually wrapped multi packs are all experiencing tremendous growth. Opportunities exist for imports of "different" snacks such as pretzels, bagel chips and snack mixes.

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
Wellington [NZ1], NZ

The New Zealand Market For Snack food

March 1999

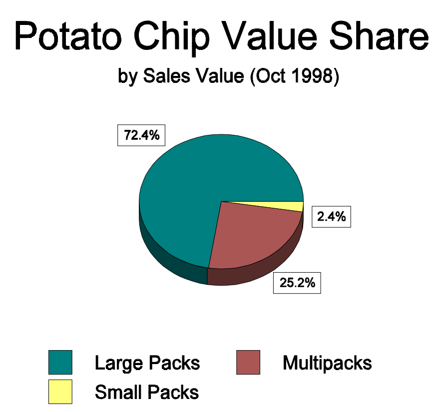
1. EXECUTIVE SUMMARY

Kiwi's (as New Zealanders are known) are eating more and more snack foods - but the category, worth around U.S.$130 million, is by no means mature. The trend by New Zealanders towards "grazing" (eating a little often), is a reflection of active lifestyles and increased competition from leisure-time pursuits. In 1998 United States snack product exports to New Zealand reached a record high of U.S.$5.1 million, reflecting a consistent increase in exports since 1995 when U.S. exports were valued at U.S.$3.1 million.

Advantages	**Challenges**
Vibrant market sector experiencing growth.	No tariff applied to Australian imports.
Great opportunities for "different" snacks such as pretzels.	Fiercely competitive market sector.
Low/falling tariffs.	
Joint Australia-New Zealand Food Standards.	

2. CONSUMPTION

- ***Potato Chips*** have the largest share of the snack market dollar (by dollar value) and in the 52 weeks to January 1999 sales increased 8.33 percent (by value) to U.S.$39.0 million. The five top selling potato chip flavors - Salted, Salt'n'Vinegar, Chicken, Sour Cream & Chives and Cheese & Onion - account for an estimated 75 percent of sales but new variants such as BBQ, Cajun and Spicy Chicken are quickly winning over Kiwi consumers.



- ***Extruded Cereal Snack*** sales at U.S.$13.5 million account for 10.4 percent of all snack foods sales. In contrast to the rest of the snack food segment, the extruded cereal snacks market only has 69 variants. Most of the brands within the segment are "traditional" or well-established brands. Cereal snack promotions are normally targeting children 5 to 13 years old. Consumption usually peaks at Christmas and Easter but these seasonal skews are small. Cereal snack sales are also experiencing a growing trend towards multi packs.

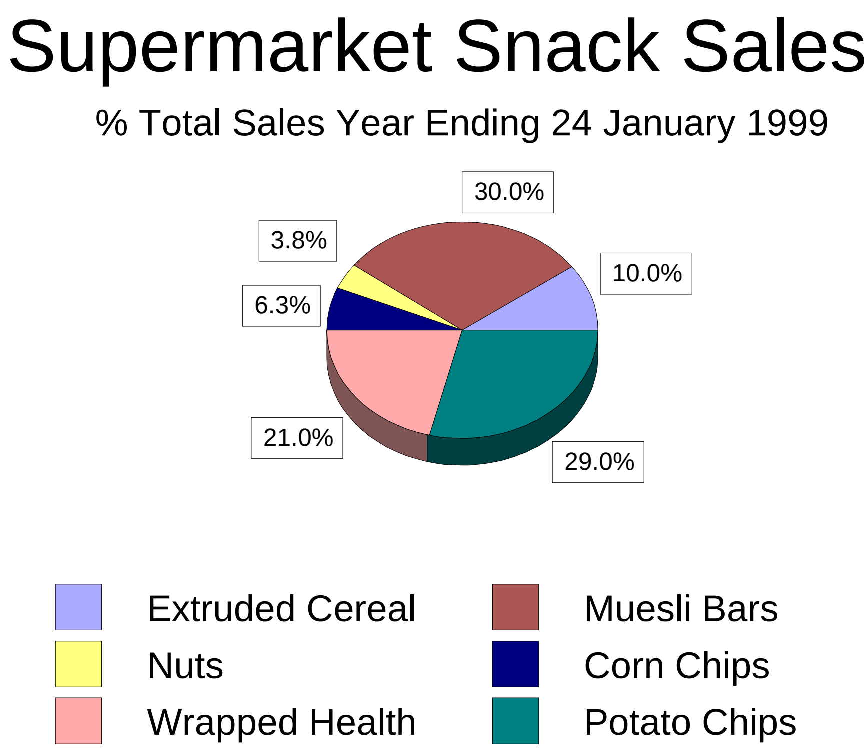
- ***Wrapped Health & Lunch Box Snacks*** - This rapidly emerging category includes dried fruits, fruit roll-ups, snack logs, individually wrapped biscuits and muesli bars, tear-tab biscuits and cheese, small chips, jellies and fruit fingers. This category is expanding swiftly and consumers are prepared to pay a premium for unique products that provide novelty and excitement. AC Neilsen figures (Year end

October 1998) show that wrapped health snacks (lunch box items that are pre-packaged into single serve portions) grew 12.7 percent in volume and 8.9 percent in value to U.S.$27.05 million last year. The move towards more wholesome lunch box fillers has resulted in the introduction of more fruit filled bars, but taste, quick'n'easy to eat and fun are key factors where kids are concerned. Single serve dried fruit snacks are also rising in popularity with shoppers, with raisins and prunes at the top.

- ***Muesli Bar*** dollar sales increased 22 percent in the year ended January 1999 to reach U.S.$38.8 million while package sales increased 18.6 percent (by package sales).

- ***Corn Chips*** are seen as offering the greatest opportunity for growth in terms of volume and sales. The corn chip market is currently worth an estimated U.S.$8.1 million by value and last year grew 8.6 percent (by sales value). Growth is coming from the large bag segment of the market, and rather than reducing the box segment, bagged corn chips are filling a separate niche. The top selling flavors of bagged corn chips, in order, are cheese, salsa, BBQ, jalapeno and natural. The boxed segment accounts for around 70 percent of total sales but this is declining due to the impact of bag sales. Corn chips now compete with potato chips but often appeal to consumers as a more substantial, lower-fat alternative to potato chips.

- ***Nuts -*** The packaged nut category is very quiet compared to the other snack food categories. Sales through supermarkets in the year ended January 1999 were U.S.$4.8 million.



3. COMPETITION

- The snack market is a highly competitive category with 260 new variants/entrants (stock units) introduced in the year ended January 1999.
- Domestic snack producers dominate supermarket sales. Industry sources estimate imported products make up 3.0 percent of all snack food sales in supermarkets, and imports from Australia account for nearly a third of imported snacks.
- Under the Australia-New Zealand Closer Economics Relations agreement, Australia snack exports receive preferential zero tariff treatment.
- Major potato chips brands include: Bluebird, ETA, Krispa.
- Major muesli bar brands include: Bluebird (52.3% market share), Mother Earth (13.9 %), Kelloggs (8.8 %), Tasti (8.8%).
- Major wrapped health bar brands include: Bluebird, Mother Earth, Kelloggs, Tasti.
- Major Corn chip brands include: Aztec, Sancho's, Bluebird.

N.Z. SNACK MARKET
Number of Stock Units Sold

CATEGORY	1999	1998
Corn Chips	144	100
Potato Chips	191	175
Packaged Nuts	186	163
Muesli Bars	261	181
Wrapped Snacks	393	300
Ex. Cereal Snacks	69	65
TOTAL	1,244	984

4. MARKET ACCESS

Tariff Information
Under the Australia-New Zealand Closer Economic Relations agreement, Australian snack food imports have a preferential zero tariff applied.

SNACK FOOD TARIFF RATES		
Description	***Harmonized Tariff Code Reference***	***Normal Tariff Rate***
Potato Chips	2005.20.00.09	7/98 6.5 % 7/99 5.0 %
Snack Foods (bread, pastry, cakes, biscuits and other etc)	1905.90.09	7/98 7.0% 7/99 7.0% 7/2000 5.0%
Sweet Biscuits (Cookies)	1905.30.00	7/98 8.0% 7/99 7.0% 7/2000 5.0%
Savory Biscuits (Cookies)	1905.90.09.01	7/98 8.0% 7/99 7.0% 7/2000 5.0%

Prepared Cereals/flakes etc.	1904.20	7/98 7.5 - 8.0 % 7/99 6.5 - 7.0 % 7/2000 5.0%
Nuts	2008.	All Free
Source: NZ Working Tariff Document.		

Packaging/Labeling Information

New Zealand labeling requirements are similar to U.S. requirements, with the exception that metric measurement is required (although other measures can be noted). Although nutritional information is not required most major brand lines do include this information. By supplying nutritional information to importers, a marketing edge may be captured over competing products with less informative labels. Use-by or packed-on dates are required on all bakery products, but are not mandatory on other products. The following information is required on labels of all pre-packaged food products:

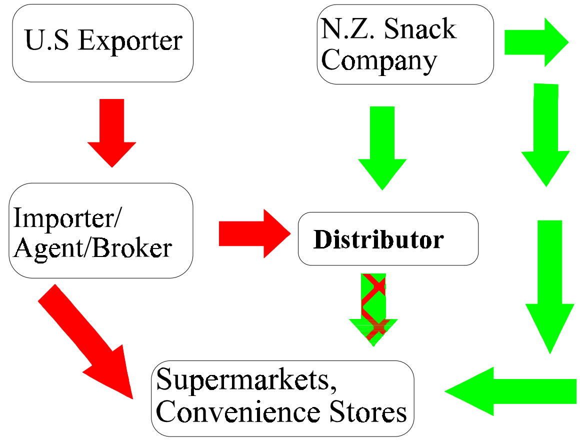
- The name/and or nature of the product or a description, using the common names of its primary ingredients.
- The net metric weight, volume, or the number of contents in the package.
- The list of ingredients in descending order of proportion.
- The name and address of the local manufacturer, distributor or company owner.
- Food additives permitted as ingredients in the official regulations for specified food.

Food Law

In December 1995, the Governments of New Zealand and Australia signed a Treaty to establish a joint food standards-setting system. The ultimate outcome will be a joint Australia New Zealand Food Standards Code. This joint system may offer opportunities for U.S. exporters to consider food law requirements for the combined Australian/New Zealand market. The vast majority of food standards will apply on both sides of the Tasman with only a small number of standards outside the scope of the joint system. The Australia-New Zealand Food Authority (ANZFA) has the responsibility of making recommendations on food standards issues within the scope of the joint system to the New Zealand and Australian governments. While the food laws are in transition, food must comply with either the N.Z. standards or the Australian standards, but in no case a combination of each. Further information may be found at ANZFA's internet homepage, www.health.gov.au/anzfa/. Food law guidance can be obtained on request from the Agricultural Office (see end of report).

5. DISTRIBUTION CHANNELS

- Typically products are imported by an importer who may also be a agent/wholesaler/distributor.
- Importers often hold the agency rights to a variety of grocery products and have contacts with key supermarket category managers.
- Importers usually specialize in either dry goods, refrigerated goods and fresh produce.



End of Report

Market Briefs are researched and produced by the Foreign Agricultural Service Office in Wellington, New Zealand. Market briefs are meant to provide exporters with key information on products the FAS Office has identified as having potential within the New Zealand market.

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